



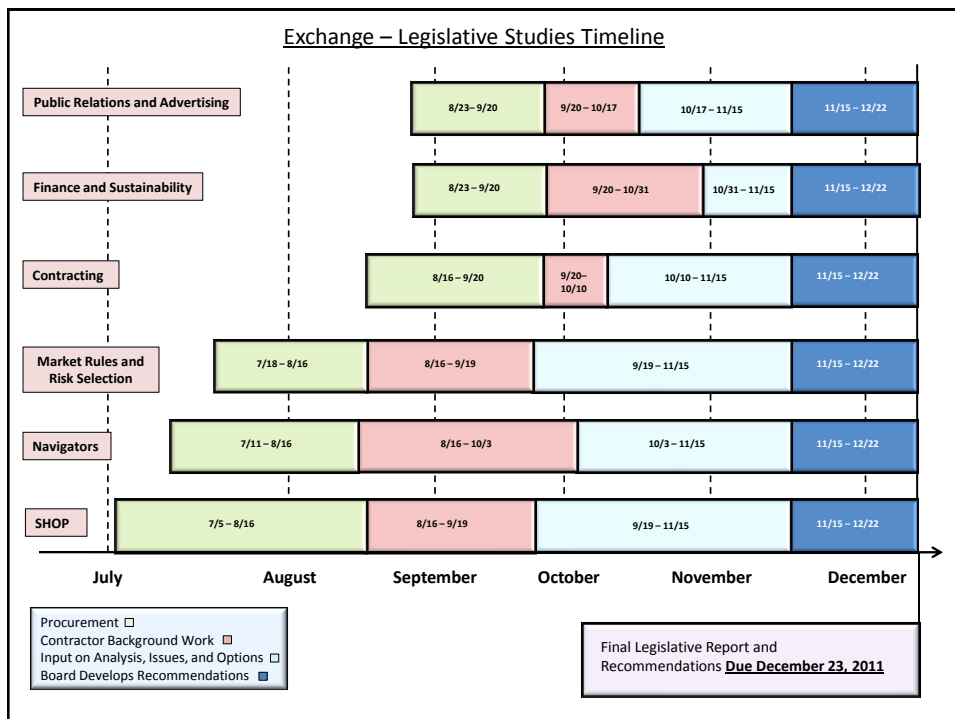
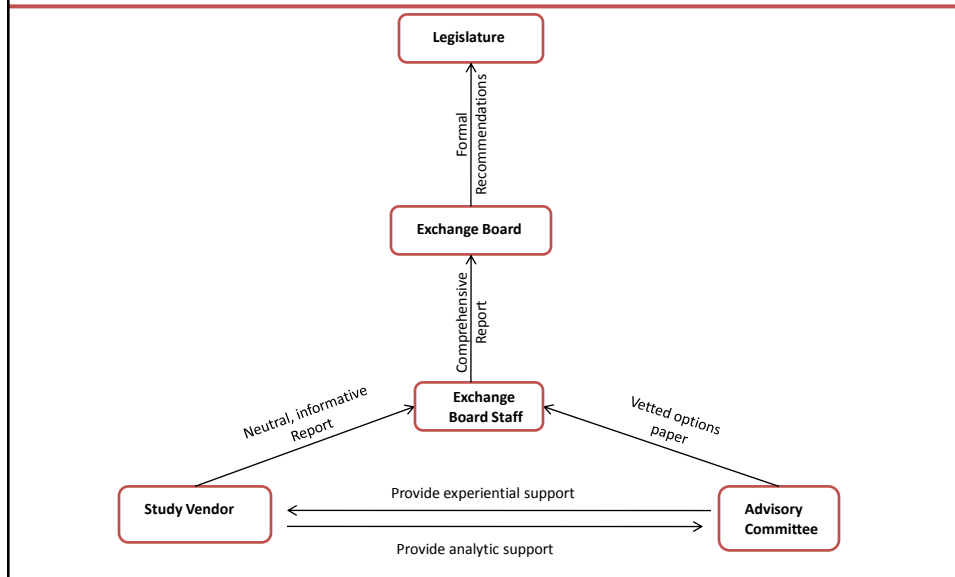
Finance and Sustainability Advisory Committee: Charge, Roles, and Responsibilities

Jesse Kopelke
Staff to Advisory Committee

This Advisory Committee is charged with
vetting options regarding three key issues:

1. The budget of the Exchange
2. The user fees, licensing fees, or other assessments that could be imposed by the Exchange to fund its operations, including what type of user fee cap or other methodology would be appropriate to ensure that the income of the Exchange comports with the expenditures of the Exchange
3. Preventing waste, fraud, and abuse

Entities involved in the Advisory Committee process have distinct roles and responsibilities.



Future Meetings

October 3, 2011	5:00pm – 7:00pm	UMBC Tech Center
October 17, 2011	3:00pm - 5:00pm	UMBC Tech Center
November 2, 2011	2:00pm – 4:00pm	UMBC Tech Center
November 9, 2011	2:00pm – 4:00pm	Maryland Health Care Commission



Finance and Sustainability Advisory Committee: Background Information

ACA: Financing the Exchange

- States are eligible for federal grants prior to 2015 (MD has received about \$35 million to support Exchange-related activities thus far)
- The Exchange must be self-sustaining by *January 1, 2015*, with one exception for the Navigator Program

Existing Exchanges

Massachusetts Connector Authority	Utah Health Exchange
Independent, quasi-governmental agency	Administered by the Office of Consumer Health Services
Initial start-up: \$25 million state appropriation	Initial start up: \$600,000 state appropriation
Surcharges on subsidized and non-subsidized products sold in the Exchange	\$6/month charge to employees \$37/month to brokers
Operating budget: \$30 million	Ongoing support from the Governor's Office of Economic Development
Staff: 46 full-time employees	Staff: 2 employees
Enrollment: 220,000	Enrollment: 2,200

Financing Options in the Literature

- Institutions like Milliman, Inc and NAIC have released financing options for state Exchanges
- These options are:
 - User-based financing
 - Consumer fee
 - Advertising
 - General revenue funds
 - Other revenue-generating funds

User-Based Financing

Charging user fees to providers, insurance companies, and/or other industries that participate in the Exchange

- MHCC:
 - Assesses four industries with a user fee cap of \$12 million
 - Health occupations licensing boards
 - Hospitals
 - Nursing homes
 - Insurance companies
 - Percent of the budget paid by each industry is set every 4 years based on MHCC's workload

Consumer Fees

Assessing a fee on consumers who purchase insurance through the Exchange

Advertising

Generate revenue by advertising on the website

General Revenue Funds

The State could rely on its general revenue funds, which could include a premium tax assessed on all policies sold in the State

Other Revenue-Generating Funds

The Exchange could consider other funding sources, such as requiring navigators to be licensed agents and assessing a fee on such licensing

Questions or Comments?

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